

Message Text

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FM AMEMBASSY CARACAS

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SUBJECT: MARKET RESEARCH-PETROLEUM AND NATURAL GAS EXPLORATION AND
DISTRIBUTION EQUIPMENT -VENEZUELA

REF: (1) A-4670 (2) STATE 303917 (3) CARACAS 1120

1. THE EMBASSY HAS RECEIVED THE FOLLOWING PROPOSALS FOR SUBJECT
MARKET RESEARCH:

(A) THOMAS P. RONAI Y ASOCIADOS. THE FIRM HAS PREPARED FOR USDOC
THE FOLLOWING MR STUDIES:

TELECOMMUNICATIONS. ADVNCD OFFICE EQUIPMENT, CONSUMER PRODUCTS,
PUMPS, VALVES AND COMPRESSORS (1971) AIR CONDITIONING AND REFREIGERA-
TION ((JAMAICA 1971) AND PROCESS CONTROLS. RONAI Y ASOCIADOS HAS ALSO
PREPARED STUDIES FOR AMERICAN AND BRITISH FIRMS IN AREAS SUCH AS
SPORTS EQUIPMENT, CONSTRUCTION EQUIPMENT, PETOLEUM PRODUCTION AND
DRILLING EQUIPMENT, ETC. THE STUDY WILL BE PERFORMED BY THOMAS P.
RONAI, M.B.A.- HARVARD, B.A. (ECON.)- YALE, AND ORLANDO RIEBMEN
M.B.A. (I.E.S.A.), B.B.A. (BOSTON U.).

2. RONAI PROPOSES THE FOLLOWING MODIFICATIONS TO SPECIFICATIONS:

(A) THE INCLUSION OF A LIST OF PRINCIPAL IMPORTERS/DISTRIBUTORS.

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(B) IN VIEW OF THE FACT THAT GOV-OWNED PETROLEOS DE VENEZUELA
AND ITS SUBSIDIAREIES ARE BY FAR THE MOST IMPORTANT BUYERS OF THE
PRODUCTS WHICH ARE BEING STUDIED, AND ALL PETROLEOS' IMPORTS ARE DUTY
-EXONERATED, RONAI PROPOSES TO LIMIT DUTY RATE ANALYSES (AND INFOR-
MATION ON NON-TARIFF IMPORT RESTRICTIONS) TO THOSE CATEGORIES OF
PRODUCTS WHICH ARE PRODUCED IN VENEZUELA, AND THEREFORE FACE A
COMPETITIVE DISADVANTAGE. CONTRAACTOR PROPOSES TO DEVOTE TIME AND

EFFORT THEREBY SAVED TO MORE PRODUCTIVE AND USEFUL ASPECTS OF THE SURVEY.

(C) THE INCLUSION OF MORE SPECIFIC MAJOR PROJECT INFORMATION THAN THE SPECIFICATIONS CALL FOR, TO PROVIDE A PERSPECTIVE ON FUTURE INDUSTRY EXPANSION, WHICH INFORMATION IS DIFFICULT TO EXTRAPOLATE AND PROJECT FROM HISTORICAL STATISTICAL DATA.

3. RONAI Y ASOCIADOS PROPOSAL ASKS FOR THE AMOUNT OF \$11,600 FOR THE PREPARATION OF SUBJECT MARKET RESEARCH. THEY OFFER TO REDUCE THIS AMOUNT TO \$11,450 IF ONLY THREE COPIES OF THE FINAL REPORT ARE REQUESTED, INSTEAD OF THE SPECIFIED TWELVE. ACCORDING TO RONAI, FINAL REPORT WOULD BE DELIVERED BETWEEN THE 15 AND 30TH OF MARCH.

4. (B) SECOND BID PROPOSAL, ECOANDINA C.A. HERACLIO ATENCIO BELLO.

THE FIRM PREPARED USDOC MR STUDY FOR AGRICULTURAL EQUIPMENT AND HAS PREPARED MANY MARKET RESEARCH STUDIES FOR FOREIGN AND VENEZUELAN COMPANIES, AS WELL AS ECONOMIC STUDIES FOR VENEZUELAN GOVERNMENT INSTITUTIONS. THE PROPOSED STUDY WOULD BE PREPARED BY JUAN ENGELESEN (PH.D.) CALIFORNIA, WHO PREPARED THE ENERGY SYSTEM MARKET RESEARCH FOR USDOC WHILE WORKING FOR CONTRACTOR TARGET RESEARCH. ARTHUR HINSON, ALSO A FORMER ASSOCIATE OF TARGET RESEARCH WILL ACT AS ADVISOR.

5. SUBJECT BIDDER CHOSE NOT TO REVIEW SPECIFICATIONS, BUT HAS BEEN UNCLASSIFIED

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BRIEFED ON THE SCOPE OF THE STUDY.

6. ECOANDINA C.A. PROPOSAL ASKS FOR BS. 42,800 (\$10,000) FOR THE PREPARATION OF STUDY. DELIVERY DATE WOULD BE MARCH 31, 1978.

7. (C) THIRD BID PROPOSAL: TARGET RESEARCH C.A. (TR)
TR HAS PREPARED USDOC MARKET RESEARCH STUDIES ON THE FOLLOWING SECTORS: MATERIALS HANDLING EQUIPMENT; INDUSTRIAL INSTRUMENTS AND METALWORKING EQUIPMENT; PROCESS CONTROL INSTRUMENTALIZATION (1974); FOOD PROCESSING AND PACKAGING EQUIPMENT; BUILDING PRODUCTS AND CONSTRUCTION EQUIPMENT; PETROCHEMICAL/CHEMICAL REFINING AND PROCESSING

EQUIPMENT; ENERGY SYSTEMS, AND PLASTICS PRODUCTION EQUIPMENT. IN ADDITION, TR HAS PERFORMED NUMEROUS CONSUMER PRODUCT USAGE SURVEYS FOR VENEZUELAN AND AMERICAN COMPANIES IN VENEZUELA. THE STUDY WOULD BE PERFORMED BY JOSE A. REYES, PRESIDENT OF TR, PSYCHOLOGIST; PASQUALE NICODEMO, STATISTICIAN AND FREDDY OLMOS, GRADUATE IN BUSINESS ADMINISTRATION. PROPOSED DELIVERY DATE WOULD BE ELEVEN WEEKS AFTER SIGNATURE OF CONTRACT. TR PROPOSALS ASKS FOR BS. 45,000. (\$10,514.02), BUT HAS INDICATED THAT A DISCOUNT COULD BE CONSIDERED IF THEY WERE TO BE AWARDED BOTH THIS CONTRACT AND THE CONTRACT FOR MINING AND CONSTRUCTION MACHINERY.

8. AS ON OTHER OCCASIONS, RONAI'S CONSIDERATIO OF THE PROJECT HAS BEEN THOROUGH AND SERIOUS. HIS BID SLIGHTLY HIGHER THAN FOR RECENT PROCESS CONTROLS STUDY. RONAI STATES THAT THE PREMIUM RELATES TO THE SHORT TIME IN WHICH THE REPORT MUST BE COMPLETED. EMBASSY CONSIDERS THAT THE QUALITY OF RESEARCH OBTAINED FROM RONAI IS UNIQUE (IN VENEZUELA) FOR THE AMOUNT CHARGED. NEITHER THE CASUAL MANNER IN WHICH THE TWO OTHER POTENTIAL CONTRACTORS TAKE OUR SPECIFICATIONS AND REQUIREMENTS, NOR THEIR PAST PERFORMANCE, GIVE US CONFIDENCE IN THE QUALITY OF THEIR RESEARCH PRODUCT. IN ADDITION, BASED ON THE PAST, PERFORMANCES OF THESE TWO CONTRACTORS, EMBASSY DOUBTS THAT EITHER ECOANDINA OR TR WOULD MEET COMPLETION DEADLINES.

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9. BECAUSE OF THE IMPORTANCE OF THIS MARKET TO U.S. EXPORTERS, AND TO A LESSER, BUT IMPORTANT DEGREE BECAUSE THIS RESEARCH IN A SENSITIVE AREA WILL BE LINKED TO THE USG, THE EMBASSY STRONGLY RECOMMENDS THAT THE CONTRACT BE AWARDED TO RONAI Y ASOCIADOS. VAKY

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